

We strengthen communities

Early Adopter Incentive Guidelines

CLEAN BUILDINGS PROGRAM

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Glossary

Authority having jurisdiction (AHJ): Washington State Department of Commerce.

Building owner: An individual or entity possessing title to a building.

Building improvement plan: Proposed Energy Efficiency Measures (EEMs) demonstrating a EUI equal to or less than the target established by the Clean Buildings Performance Standard.

Clean Buildings Performance Standard: WAC 194-50, ANSI/ASHRAE/IES Standard 100-2018 Energy Efficiency in Existing Buildings adopted by the Washington State Department of Commerce according to RCW 19.27A.200, 19.27A.210, and 19.27A.220. This standard has been adopted by reference and modified to implement the requirements for covered commercial buildings as directed by the Washington state legislature.

Contractor: Any non-state entity hired by the applicant or grantee to perform work on the proposed project, including but not limited to energy audits, engineering, project management, construction, installation, or demolition.

Covered commercial building: A building where the sum of nonresidential, hotel, motel and dormitory floor areas exceeds fifty thousand gross square feet, excluding the parking garage area.

EEMs: energy efficiency measures

Energy Star Portfolio Manager (ESPM): Environmental Protection Agency (EPA) created ENERGY STAR Portfolio Manager®, an online tool you can use to measure and track energy and water consumption, as well as greenhouse gas emissions. Use it to benchmark the performance of one building or a whole portfolio of buildings, all in a secure online environment.

Energy Star Portfolio Manager ID (ESPM ID): Issued by Energy Star Portfolio manager for each building registered in the Energy Star Portfolio Manager online tool.

Energy use intensity (EUI): A measurement that normalizes a building's site energy use relative to its size. A building's energy use intensity is calculated by dividing the total net energy consumed in one year by the gross floor area of the building, excluding the parking garage. "Energy use intensity" is reported as a value of a thousand British thermal units per square feet per year.

Energy use intensity target (EUIt): The net energy use intensity of a covered commercial building that has been established for the purposes of complying with the standard.

Form A: WAC 194-50, Normative Annex Z6.1, Compliance with Standard 100

Form B: WAC 194-50, Normative Annex Z6.2, Building activity and energy use intensity target (EUIt)

Form C: WAC 194-50, Normative Annex Z6.3, Energy-Use intensity Calculations, www.energystar.gov/benchmark

Form D: WAC 194-50, Normative Annex Z6.4.1, U.S. Department of Energy, Building Energy Asset Score tools Audit Template

Gross floor area: The total number of square feet measured between the exterior surfaces of the enclosing fixed walls of a building, including all supporting functions such as offices, lobbies, restrooms, equipment, storage areas, mechanical rooms, break rooms, and elevator shafts. Gross floor area does not include outside bays or docks.

Incentive reservation: The calculated one-time base incentive payment of eighty-five cents per gross square feet of floor area, excluding parking, unconditioned, or semi-conditioned spaces held for 36 months until early compliance with the Clean Buildings Performance Standard is met.

Multifamily residential building: a building containing sleeping units or more than two dwelling units where occupants are primarily permanent in nature.

Normative Annex Z: Washington State Reporting Requirements, WAC 194-50.

Participating utility: an electric, gas company, or thermal energy company, who is allowed a public utility tax (PUT) credit Chapter 82.16 RCW.

Qualified energy auditor: person acting as the auditor of record having training, expertise and three years professional experience in building energy auditing and any one of the following:

- a. A licensed professional architect or engineer.
- b. An energy auditor/assessor/analyst certified by ASHRAE or the Association of Energy Engineers (AEE) for all building types.

Weather normalized: A method for modifying the measured building energy use in a specific weather year to energy use under normal weather conditions.

Weather Normalized Energy Utilization Index (WNEUI): Measurement that normalizes a building's site energy use relative to its size based on the building's weather normalized site energy use. A building's energy use intensity is calculated by dividing the total net weather normalized energy consumed in one year by the gross floor area of the building, excluding the parking garage. Weather normalized energy use intensity is reported as a value of a thousand British thermal units per square feet per year.

Incentive Program Basis

Overview

The <u>Clean Buildings Law</u> was passed in the 2019 legislative session and requires that all covered commercial buildings comply with a State Energy Performance Standard. The intent of this law is to reduce greenhouse gas emissions and energy consumption in large commercial buildings. Mandatory compliance with the standard is staggered by building size.

In addition, the law creates an Early Adopter Incentive Program for existing covered commercial buildings that are subject to mandatory compliance along with multifamily residential buildings. This Early Adopter Incentive Program will provide incentives that encourage early compliance with the Clean Buildings Performance Standard.

Terms and Documentation

This document serves to provide the process for applying to the Early Adopter Incentive Program. The Early Adoption Incentive Program is early compliance with the Clean Buildings Performance Standard. Mandatory compliance and the full glossary of terms, forms, and templates are located in Washington State Department of Commerce Adoption and Amendment of ASHRAE Standard 100, 2018, <u>WAC 194-50</u> and <u>ASHRAE Standard 100-2018</u>. This guidebook does not cover elements that are otherwise covered by law or rule.

This program manual addresses the Early Adopter Incentive Program only.

Authorizing Statute and Fund Sources

<u>RCW 19.27A.220</u>, provides incentives and regulations that encourage energy efficiency in all aspects of new and existing buildings, including building design, energy delivery, and utilization and operations.

RCW 19.27A.220 (6) An eligible building owner that demonstrates early compliance with the applicable energy use intensity target under the standard established under RCW 19.27A.210 may receive a one-time base incentive payment of eighty-five cents per square feet of gross floor area, excluding parking, unconditioned, or semi-conditioned spaces.

RCW 19.27A.320 limit on early adoption incentive payments. Incentive funds are limited to \$75 million. Commerce will not qualify for incentives beyond \$75 million.

Notification

By July 1, 2021, Commerce must provide the owners of covered commercial buildings notification of the Clean Buildings Performance Standard requirements and a unique Building ID issued by Commerce.

With this notification, Commerce will inform owners of covered commercial buildings and multifamily residential buildings exceeding 50,000 square feet of gross floor area of the Early Adopter Incentive Program.

If a building owner is not notified and they own an eligible covered commercial building or multifamily residential building, they may contact Commerce to confirm eligibility and receive a unique Building ID.

Commerce will provide a link to the Clean Buildings Performance Standard reporting and management system known as the Clean Buildings Portal. There you will:

- Apply for Early Adopter Incentive Program
- Submit compliance forms
- Track the status of applications
- Manage your Clean Buildings profile and contact information
- Update building/parcel data

Incentive Terms

Incentive funds are limited to \$75 million. Applications are accepted and verified on a first-come, first-serve basis. Commerce will continue to accept applications to a waitlist once the full amount of funding has been reserved by initial applicants. If Commerce receives more applications than funding available, the highest energy using buildings will be prioritized.

Each utility serving over 25,000 customers must administer incentive payments for the Clean Buildings Performance Standard Early Adoption Incentive Program established in RCW 19.27A.220 on behalf of its customers who are eligible building owners of covered commercial or multifamily residential buildings.

- RCW 19.27A.240, a qualifying utility is not required to administer incentive payments for the Early
 Adoption Incentive program established in RCW 19.27A.220, if the qualifying utility is not allowed a
 credit against public utility taxes due.
- Any <u>participating utility</u> serving less than 25,000 customers may voluntarily participate by providing notice to Commerce.

Eligible building owners who demonstrate early compliance with the Clean Buildings Performance Standard through the EUIt performance metric established under <u>RCW 19.27A.210</u>, may receive a base incentive payment of up to eighty-five cents per square feet of gross floor area, excluding parking, unconditioned, or semi conditioned spaces.

When a building is served by more than one <u>participating utility</u>, incentive payments must be proportional to the <u>energy use intensity reduction</u> of the participating utility's fuel.

Eligible Buildings

Commerce must adopt application and reporting requirements for the incentive program. Building energy reporting for the incentive program must be consistent with the energy reporting requirements established under the Clean Buildings Performance Standard.

Buildings eligible to apply for the early adopter incentive program must:

- Be a covered commercial building as defined by the Clean Buildings Performance Standard or a multifamily residential building with over 50,000 square feet of floor area.
- Have a baseline <u>Weather Normalized Energy Utilization Index (WNEUI)</u> that exceeds its applicable EUIt by at least 15 kBtu per square feet per year.
- Be served by at least one <u>qualified electric utility</u>, <u>gas company</u>, <u>or thermal energy company</u> participating in the Clean Buildings Early Adopter Incentive Program.

 Comply with all applicable laws, ordinances, codes, regulations and policies identified in the Clean Buildings Performance Standard.

Properties regulated by Tribal Sovereign Nations

Commercial buildings over 50,000 gross square feet located within the boundaries of a reservation and generally subject to regulation under Tribal codes are not required to comply with the Clean Buildings Performance Standard.

- By email request, a covered commercial or multifamily residential building over 50,000 gross square feet located within reservation boundaries of Tribal Sovereign Nations may request participation in the Early Adopter Incentive program. To participate, the building owner will need to execute a memorandum of agreement that ensures the building will be subject to the requirements of the Clean Buildings Performance Standard.
- Participation requests must be sent to CleanBuildingsIncentiveProgram@commerce.wa.gov.

Early Adopter Incentive Application

Applicant process, descriptions and the application will be available on the Clean Buildings Portal. (Link to be provided)

Application Schedule

Covered commercial building owners and owners of multifamily residential buildings that exceed 50,000 gross square feet may submit applications according to the following schedule:

- 1. For a building with more than two hundred twenty thousand, gross square feet, beginning July 1, 2021, through June 1, 2025.
- 2. For a building with more than ninety thousand gross square feet but less than two hundred twenty thousand and one gross square feet, beginning July 1, 2021, through June 1, 2026.
- 3. For a building with more than fifty thousand gross square feet but less than ninety thousand and one gross square feet, beginning July 1, 2021, through June 1, 2027.

Pre Application Requirements (Self Qualification)

The building must be a covered commercial or multifamily residential building over 50,000 gross square feet to qualify for the Early Adopter Incentive.

The building is served by at least one <u>qualified electric utility</u>, <u>gas company or thermal energy company</u> participating in the Clean Buildings Early Adopter Incentive Program.

When a building has more than one participating utility providing energy services the incentive distribution is based on the proportion of energy use reduction by fuel type.

Before applying, building owners must complete the following steps:

- Sign up for a Secure Access Washington (SAW) account
 - Use the following link for instructions (Link to be provided)

- Complete the building profile in the Clean Buildings Portal. A complete profile will calculate the building's EUIt in accordance with <u>Form B: WAC 194-50</u>, <u>Normative Annex Z6.2</u>.
- Create an Energy Star Portfolio Manager (ESPM) account - <u>https://portfoliomanager.energystar.gov/pm/login.html</u>
 - Enter building characteristics.
 - Select: Standard ID: State of Washington Clean Buildings Standard
 - Share Properties. Add organization account WACleanBuildings and set up a connection request.
 - Automate utility data upload.
 - Set up web services/data exchange. Provide ESPM ID and utility data upload access to all energy utilities serving the building.
 - A complete ESPM profile will create the building's WNEUI required in determining eligibility.

Minimum Energy Audit Requirements

The Energy Audit must have been completed or updated no earlier than 3 years prior to the application date. The audit information must be used to complete the Audit Template.

The energy audit must be:

• Conducted by a qualified energy auditor as defined by the Clean Buildings Performance Standard.

Should meet one of the following requirements:

- An ASHRAE level 2 energy audit, as defined with <u>ASHRAE Standard 211 Standard for Commercial</u> <u>Building Energy Audits - 2018</u>
- Supported by Contractor guaranteed energy savings.

Application Requirements

Application and forms for the Early Adopter Incentive must be completed in accordance with the Clean Buildings Performance Standard and submitted to Commerce electronically through the Clean Buildings Portal. The application process is supported step by step within the Portal and includes the following information:

Report:

- Energy-use intensity calculations, in accordance with Form C: <u>WAC 194-50</u>, <u>Normative Annex Z6.3</u>.
 - Report WNEUI using the Energy Star Portfolio Manager (Link to be provided)
- Building activity and energy use intensity target (EUIt) (Form B): WAC 194-50, Normative Annex Z6.2.
- Form B is integrated into the Early Adopter Incentive application located on the Portal Parcel Details and Activity Types tabs. A complete application will create Form B.

Documents Uploaded:

Form A, General Compliance: WAC 194-50, Normative Annex Z6.1

- Use the following (Link to be provided)
- Form and mandatory documentation completed and uploaded to Clean Buildings Portal.
- U.S. Department of Energy, Energy Asset Score tool Audit Template, in accordance with Form D: <u>WAC</u> 194-50, Normative Annex Z6.4.1.
 - Use the following link (Link to be provided)
 - Audit data submitted using the Audit Template: WA Commerce CB Report in accordance with <u>WAC 194-50, Normative Annex Z6.4.1</u> and as otherwise noted by Minimum Energy Audit Requirements.
 - Utility data may be accepted no earlier than January 1, 2019.
 - o Complete and upload Audit Template to the Clean Buildings Portal.
- Business Inclusion Plan, *Exhibit A.
- Building Improvement Plan, *Exhibit B.
- If applicable Equity and Inclusive Incentive Qualifications, *Exhibit C.

Equitable and Inclusive Early Adopter Incentive Plan

Intent

Commerce strives to create a diverse, equitable and inclusive Early Adoption Incentive Program. The intent is to fill in the gaps and expand participation and opportunities across a broad range of businesses across the State. We believe that investing in energy efficiency will assist businesses in lowering energy costs, cutting carbon emissions, and strengthening local communities.

To increase the equitable distribution of resources and funding, the Incentive Program has prioritized 12.5 million of funding for each building size cohort for the first three years of the Early Adopter Incentive Program for buildings that fall within the diverse inclusion reservation criteria. During the application process, building owners will have the opportunity to identify their building's eligibility for the diverse inclusion reservation and submit supporting documents where applicable. After three years, if the prioritized funding for the diverse inclusion reservation has not been accounted for, Commerce will release the prioritized funding for all eligible building owners. Commerce may periodically review the status of the incentive program and diverse inclusion reservation and reserves the right to adjust the amount of prioritized funds for each building size cohort.

Criteria

Buildings that fall under the following categories are eligible for incentive funding prioritized under the diverse inclusion reservation:

- Highest Energy Users
- Rural Communities
- Multifamily Affordable Housing

Documentation

• Equity and Inclusive Incentive Qualifications, *Exhibit C.

Submitting an Early Adopter Incentive Application

All applications and supporting documentation must be submitted through Commerce's Clean Buildings Portal.

How to Submit an Application

Confirm eligibility under Pre-Application Requirement (Self-Qualification).

- 1. Submit one application per covered commercial or multifamily residential building exceeding 50,000 gross square feet.
- 2. Submit all supporting documents listed under Application Requirements through Commerce's Clean Buildings Portal.

Multi Parcel and Multifamily Residential Application

When one building has multiple parcels which represent multiple owners, applicants must designate a single portal user to prepare and submit an incentive application.

 Management companies, condo and homeowner associations may be designated portal users to prepare and submit incentive applications.

To submit the required information the designated user must obtain "Shared Access" in the Clean Buildings Portal from each parcel or building owner of the eligible building. All parcels must be submitted through the Clean Buildings Portal as part of a single submission.

Implementation Extension Request

An applicant may submit a one-time extension request through the Clean Buildings Portal to extend the Implementation Completion date. Requests must be made six months before the scheduled Implementation Completion date. Commerce will review and may approve extension requests based on supporting documents provided.

Extension request must include:

- Request for 6-month or 12-month extension.
- Purpose and supporting documentation for the extension request.
- Plan for meeting Implementation completion date.

Verification of Application

- 1. Commerce will send an email verification of the Incentive Application receipt.
 - a. Commerce will verify the documents outlined under Application Requirements.
- 2. Within 30 days of application receipt Commerce will notify applicants of:
 - a. Application approval
 - b. Any missing documentation and how to resubmit documentation

- c. Questions or errors identified in the application and supporting documentation.
- d. Early Adopter Incentive qualifications are not met.
- 3. Applicant may submit a request to re-review.
 - a. Building owner may request an administrative hearing to appeal a denial and release of incentive reservation (WAC 194-50, Normative Annex Z5.8.1-4).

Utility and Department of Revenue Notification

- 1. Commerce will produce the incentive payment calculation for each participating utility. The incentive payment is based on a maximum of eighty-five cents per square feet of gross floor area, excluding parking, unconditioned, or semi-conditioned spaces.
 - a. Incentive calculations are based on the proportion of energy use reduction by fuel type.
 - b. Payment is based on the proportion of energy savings by fuel type.
 - i. Participating utilities are only responsible for paying the incentive proportional to the energy savings associated with fuel they provide.
- 2. Commerce will notify each applicable qualified utility administering incentive payments and the Department of Revenue of verified incentive applications for incentive reservation.
 - a. <u>Utility and Department of Revenue</u> verify tax credits are available.
 - b. Participating qualified utility will approve incentive calculation and proposed reporting date with Commerce.

Approved Incentive Reservation

- 1. Within 30 days Commerce will email approved applicants with a notice of incentive reservation and the calculated incentive payment and further instruction to:
 - a. Implement building improvement plan as documented in the Building Improvement Plan.
 - b. Implement all applicable requirements of the Clean Buildings Performance Standard.
- 2. Commerce will hold the incentive reservation according to the approved implementation and reporting schedule.

Implementation Requirements

- 1. Within 18 months of application approval, the applicant must provide Commerce with documentation of:
 - a. Implementation of all EEMs documented in the Building Improvement Plan, including implementation of the Operations and Maintenance requirements from the Energy Management Plan
 - b. Commerce will assign applicants a compliance date based on projected EEM Implementation completion date.

- 2. Any variations to the Building Improvement Plan must gain approval from Commerce before implementation.
- 3. Send an email to <u>CleanBuildingsIncentiveProgram@commerce.wa.gov</u> stating implementation of EEMs is complete.

Reporting Requirements

- 1. Within 12 months of completing installation of all EEMs applicants must update building activity and energy use intensity target in Clean Buildings Portal and submit a status report of progress toward meeting EUIt to Commerce. This status report must include an up to date copy of Form A and include a separate written narrative outlining actions being implemented to assure compliance with the standard by the Commerce assigned completion date.
- 2. Within 18 months after implementation of all EEMs and by the compliance date assigned by Commerce applicants shall provide the following final documentation to verify the building WNEUI is less than or equal to the building EUIt and all requirements of the Cleans Buildings Performance Standard are met.
 - a. Complete Form A and mandatory documents, General Compliance in accordance with <u>WAC 194-50</u>, Normative Annex Z6.1
 - i. Use the following link -
 - ii. Documents completed and uploaded to Clean Buildings Portal.
 - b. Update building activity and energy use intensity target (EUIt) in Clean Buildings Portal.
 - i. In accordance with Form B: <u>WAC 194-50</u>, <u>Normative Annex Z6.2</u>, Building activity and energy use intensity target (EUIt)
 - c. Report energy-use intensity calculations, in accordance with Form C: <u>WAC 194-50</u>, <u>Normative Annex Z6.3</u>. (Link to be provided)
 - i. Update (link to be provided) using this link -

Meeting Target EUIt

EUIt and Clean Buildings Performance Standard Requirements are met

- 1. Commerce reviews required reporting documentation.
- 2. Commerce will notify the applicant of compliance.

Utility Notification

- 1. Commerce will notify the applicable participating utility administering incentive payments that full compliance with the Clean Buildings Performance Standard is met.
- 2. Utility proceeds toward administering incentive payment.

Not Meeting Target EUIt

EUIt and Clean Buildings Performance Standard Requirements are not met

- 1. Commerce will notify the applicant that requirements of the Early Adopter incentive have not been met within the implementation and reporting requirements.
- 2. Applicant may appeal and provide documentation to support compliance.
 - a. Applicant may submit a request to re-review.
 - b. Applicant may request an administrative hearing to appeal a denial and release of incentive reservation (Annex Z5.8.1-4).
- 3. Commerce will release the incentive reservation and the building is placed on a waitlist for future consideration of remaining funds when full compliance is demonstrated.

Utility Notification

1. Notify applicable participating utility administering incentive payments of reservation release or waitlist placement.

Incentive Payment

- 1. Participating utility issues the calculated one-time Clean Buildings Performance Standard early adopter incentive payment.
 - a. The incentive is based on post implementation energy accounting of Form C: <u>WAC 194-50</u>, <u>Normative Annex Z6.3</u>, the ratio of energy savings attributed to each fuel to the total energy saved by the implemented EEMs.
- 2. Utilities document payment, plus administrative cost.
- 3. Utilities notify WA Department of Revenue to apply a credit against (Public Utility Tax) PUT liability.

Close Out

- 1. Utility notifies Commerce of issued incentive payment.
- 2. Commerce closes Early Adopter Incentive application.

Exhibit A

Business Inclusion Plan

Do you anticipate using, or is your firm, a State Certified Minority Business?	Y/N	
Do you anticipate using, or is your firm, a State Certified Women's Business?	Y/N	
Do you anticipate using, or is your firm, a State Certified Veteran Business?	Y/N	
Do you anticipate using, or is your firm, a Washington State Small Business?	Y/N	
If you answered No to all of the questions above, please explain:		
Please list the approximate percentage of work to be accomplished by each group	o:	
Minority%		
Women%		
Veteran%		
Small Business%		
Please identify the person in your organization who will manage your Business Inc	clusion Plan:	
Name:		
Phone:		
E-Mail:		

Exhibit B

Building Improvement Plan

Building Improvement Plan completed and uploaded through Commerce's Clean Buildings Portal demonstrating that the building's proposed WNEUI is equal to or less than the target established by the Clean Buildings Performance Standard.

Scope of Work

- Detailed Energy Efficiency Measure Improvement List
 - Narrative that describes the base case building condition and the proposed energy savings
 opportunities. Support all energy savings opportunities reported in the audit template.
- Energy audit or analysis summary
 - Include in the narrative the methods used to estimate energy savings for each energy efficiency measure. Include accounting for efficiency measure energy interaction effects.
- Existing Weather Normalized Energy Use Intensity (WNEUI)
- Energy Use Intensity Target (EUIt)
- Projected EEM Implementation completion date.
- Calculated post-implementation WNEUI.
- Projected WNEUI Reporting date.

Energy and Performance Guarantee

- Energy Performance Guarantee
 - A contractor guarantee that the improvements will generate energy savings sufficient to meet a building's EUIt.
 - Include in the narrative any other actions taken to assure the estimated energy savings will be realized, including extended service contracts, building operator training, etc.

Exhibit C

Equity and Inclusive Incentive Qualifications

Funding Allocation

- 50,000 90,000 GFA: 12.5 million
- 90,001 220,000 GFA: 12.5 million
- Over 220,001 GFA: 12.5 million

Eligibility

- High Energy Users: Buildings 25 WNEUI above their target.
- Geographic Equity:
 - Washington Environmental Health Disparities Map: Washington State Department of Health
 - The building is located in a highly impacted community and must meet at least one of the following two criteria:
 - The census tract is covered or partially covered by 'Indian Country' as defined in and designated by statute.
 - The census tract ranks a 9 or 10 on the Environmental Health Disparities Map, as designated by the Department of Health (DOH).
 - Highly Impacted Communities Webpage
 - Highly Impacted Communities Data Table (CSV)
 - Rural Communities: Eligible applicants are Washington State cities and towns with less than 50,000 in population or counties with less than 200,000 population not participating in a CDBG Entitlement Urban County Consortium. <u>HUD Exchange, State CDBG Program Eligibility Requirements</u>.
- Multifamily Affordable Housing: RCW 43.185.070, projects which demonstrate serving the greatest need.

Confirmation of Eligibility

- Highest Energy Users
 - Forms B and C provide confirmation WNEUI is 25 above target
- Rural Communities
 - 2019 HUD LMI Data for WA State Non-Entitlement Jurisdictions
- Multifamily Affordable Housing